


Very high 13.5% EBITDA margin

Raute's EUR 46.4m Q3 revenue was soft relative to our estimate, yet the EUR 6.3m comparable EBITDA clearly topped our EUR 5.0m estimate and led already to a very high margin of 13.5%. Raute may not be able to improve much from such an earnings level in the short-term since the market remains challenging, as evidenced by the low EUR 15m new order intake in Q3. In our view smaller equipment orders nevertheless have room to gain next year as their demand has been weak for a while now.

- Raute Q3 revenue grew by 36.2% y/y to EUR 46.4m, compared to our EUR 53.1m estimate. Wood Processing amounted to EUR 32.2m vs our EUR 37.7m estimate, whereas Services landed at EUR 9.9m vs our EUR 11.1m estimate. Analyzers was EUR 4.2m, compared to our EUR 4.3m estimate.
- Comparable EBITDA was EUR 6.3m vs our EUR 5.0m estimate while EBIT came in at EUR 4.8m vs our EUR 3.6m estimate. Wood Processing EBITDA was EUR 3.7m, compared to our EUR 2.6m estimate, as mill-sized projects' deliveries continued to make solid progress while there was also a good amount of modernizations. Wood Processing's 11.5% comparable EBITDA margin was clearly higher than we estimated. Services' profitability was as we expected as demand remained strong while Analyzers came in slightly better than we estimated, helped by efficiency improvements.
- Q3 order intake amounted to EUR 15m, compared to our EUR 26m estimate. Customers seem to have postponed their investment plans well into 2025. Services orders were once again a bright spot.
- Order book stood at EUR 186m at the end of Q3 (EUR 192m a year ago).
- Raute guides FY'24 revenue to be between EUR 190–210m and comparable EBITDA in the range of EUR 17–21m (guidance issued on Oct 22). The EUR 19m EBITDA guidance midpoint thus implies EUR 4.3m Q4 EBITDA, while the upper end suggests it flat q/q at EUR 6.3m. Raute may hence not reach quite such a high 13.5% EBITDA margin in Q4.

Rating				 Buy
Q3'24	Actual	Evli	Year ago	Q2'24
Revenue	46.4	53.1	34.0	57.1
Wood Processing	32.2	37.7	21.5	41.8
Services	9.9	11.1	8.0	10.7
Analyzers	4.2	4.3	4.6	4.5
Comparable EBITDA	6.3	5.0	3.0	5.4
EBIT	4.8	3.6	1.4	3.9

Share price, EUR (Last trading day's closing price)	13.00
Target price, EUR	16.0
Latest change in recommendation	24-Oct-22
Latest report on company	23-Oct-24
Research paid by issuer:	YES
No. of shares outstanding, '000's	6 120
No. of shares fully diluted, '000's	6 120
Market cap, EURm	80
Free float, %	–
Exchange rate	–
Reuters code	RAUTE.HE
Bloomberg code	RAUTE:FH
Average daily volume, EURm	0.1
Next interim report	31-Oct-24
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 BUY  HOLD  SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	158.3	-14.6	-9.2%	-18.0	-2.70	-3.1	0.3	-2.8	-51.4%	
2023	145.4	1.9	1.3%	32.3	0.22	44.7	0.1	10.1	53.6%	0.10
2024E	208.1	13.1	6.3%	-29.2	1.88	6.9	0.3	5.2	-36.7%	0.20
2025E	204.4	13.7	6.7%	8.8	1.76	7.4	0.3	4.4	11.0%	0.40
2026E	210.7	15.1	7.2%	10.3	1.97	6.6	0.2	3.5	12.9%	0.70
Market cap, EURm		80	Gearing 2024E, %			-23.7 %	CAGR EPS 2023–26, %			107.6 %
Net debt 2024E, EURm		-12	Price/book 2024E			1.6	CAGR Sales 2023–26, %			13.2 %
Enterprise value, EURm		68	Dividend yield 2024E, %			1.5 %	ROE 2024E, %			26.2 %
Total assets 2024E, EURm		145	Tax rate 2024E, %			16.7 %	ROCE 2024E, %			25.3 %
Goodwill 2024E, EURm		2	Equity ratio 2024E, %			24.2 %	PEG, P/E 24/CAGR			2.2

All the important disclosures can be found on the last pages of this report

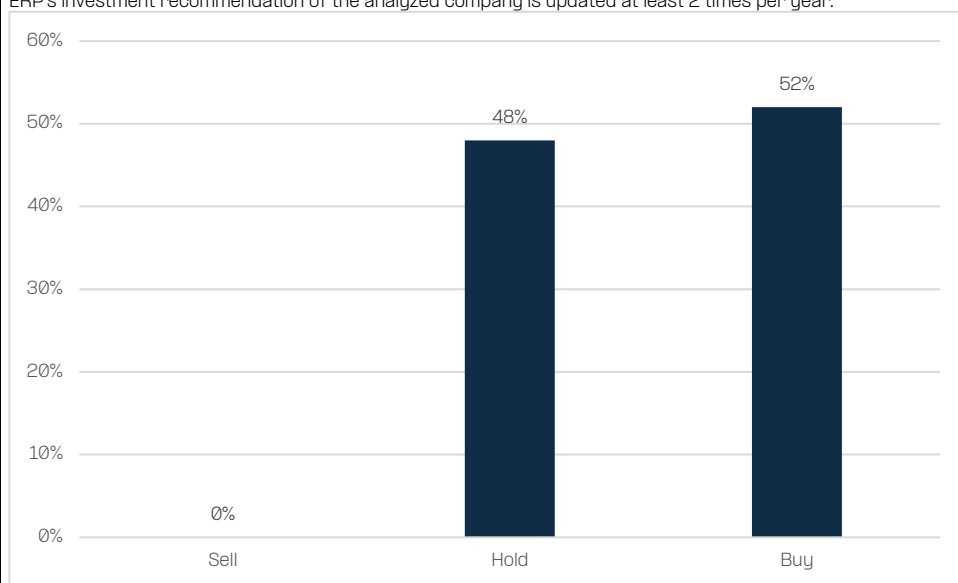
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 - (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Joonas Iivonen

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